1 **Adopt 2 Cal. Code Regs. Section 18531.6 to read:**

2 **18531.6. Treatment of Debts Outstanding After an Election.**

3   (a) **Pre-2001 Elections.** Government Code section 85316 does not apply to a candidate for

4 elective state office in an election held prior to January 1, 2001.

5   (1) There are no contribution limits in effect for elections held prior to January 1, 2001

6 [for contributions made on or after January 1, 2001].[1]

7   (2) Contributions for an election held prior to January 1, 2001 may be accepted in an

8 amount that exceeds net debts outstanding.

9   (b) **2001 and Subsequent Elections.** Government Code section 85316 applies to a

10 candidate for elective state office in an election held on or after January 1, 2001, as follows:

11   (1) The contribution limits of Government Code sections 85301 and 85302 apply to

12 any candidate controlled committee formed on or after January 1, 2001, whether the committee is

13 designated for an election held pre- or post-January 1, 2001.

14   (2) [Beginning January 1, 2001, contributions received by any candidate controlled

15 committee formed prior to January 1, 2001, for an election held after January 1, 2001, are subject to the

16 limits of Government Code sections 85301 and 85302.][1]

17   (3) Transfers to a committee formed for an election held on or after January 1, 2001,

18 are subject to the requirements of 2 Cal. Code Regs. section 18536.

19   (c)   A candidate for elective state office subject to subdivision (b) of this regulation may use

20 contributions accepted pursuant to Government Code section 85316 only for payment of net debts

21 outstanding for an election.

22   (d)   For purposes of this section, "net debts outstanding" includes the following:

23   (1) An amount necessary to cover the cost of raising funds as permitted under this

1   section;

2   (2) Any estimated costs associated with complying with the post-election requirements

3   of this Title and other necessary administrative costs associated with winding down the campaign,

4   including office space rental, staff salaries, and office supplies; and

5   (3) The total amount of unpaid debts, loans and accrued expenditures incurred with

6   respect to an election **{Decision 1}**[1] [as of the date of the election],[1] less the sum of:

7   (A) The total cash on hand available to pay those debts and obligations,

8   including: currency; balances on deposit in banks, savings and loan institutions, and other depository

9   institutions; traveler's checks; certificates of deposit; treasury bills; **{Decision 2}**[tangible assets,

10   including, but not limited to, computers, printers, copiers, and telephones valued at fair market value];[1]

11   and any other committee investments valued at fair market value; and

12   (B) The total amounts owed to the candidate controlled committee in the form

13   of credits, refunds of deposits, returns, or receivables, or a commercially reasonable amount based on

14   the collectibility of those credits, refunds, returns, or receivables.

15   The amount of the net debts outstanding shall be reduced as additional funds are received. The

16   candidate and his or her controlled committee(s) may accept contributions made after the date of an

17   election **{Decision 3}**[if such contributions are designated in writing by the contributor for that election

18   and][1] if such contributions do not exceed the amount of net debts outstanding on the date the

19   contribution is received. Any contribution that exceeds the amount of net debts outstanding shall be

20   treated in the same manner as a contribution in excess of the contribution limits.

21   (e) Notwithstanding subdivision (b), this regulation does not apply to a candidate for statewide

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[1] The only change from the version of the regulation published by the Office of Administrative Law is the addition of decision point markers at each of the sections with bracketed language, for ease of reference in the accompanying memorandum.

1   elective office in an election held before November 6, 2002.

2   NOTE: Authority cited: Section 83112, Government Code. Reference: Section 83 of Proposition

3   34, and Sections 85201, 85301-85302, 85306, 85316, 85317 and 85318, Government Code.

4

[1] Brackets include optional language.